

**AMERICAN EXPRESS FINANCIAL ADVISORS INC.
INDEPENDENT ADVISOR BUSINESS
FRANCHISE AGREEMENT**

American Express Financial Advisors Inc.
Franchise Agreement - 10/25/99

EXHIBIT A

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AGREEMENT

THIS IS AN AGREEMENT, made and entered into on _____, 20____, by and between American Express Financial Advisors Inc. ("AEFA") at its principal place of business at IDS Tower 10, Minneapolis, Minnesota 55440, and you, _____ ("Independent Advisor").

RECITALS:

- A. Through its time, skill, effort, and money, AEFA has developed a distinctive system that offers, through financial advisors, a variety of financial services to individuals and/or business owners (the "System"). The financial services include financial planning, investment advice and consulting services, securities products, insurance products, brokerage services, including individual securities, tax services, lending services, and other related products & services provided or procured through AEFA and/or its affiliates or third parties (collectively, "Products & Services").
- B. The distinguishing characteristics of the System include a well recognized brand; distinctive products & services; high level of securities and regulatory compliance; the highest standards of customer service and quality advice, including financial planning; administrative procedures providing superior customer service, including consolidated statements; orientation programs; advertising and promotional programs; and direct marketing services, telemarketing and on-line services directed to clients; all of which may be changed, improved, and further developed by AEFA from time to time.
- C. The System is identified by trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, the mark "American Express," (the "Proprietary Marks");
- D. Independent Advisor desires to contract with AEFA to operate a business offering Products & Services under the System and using the Proprietary Marks (the "Independent Financial Advisor Business"), and to receive the services provided by AEFA in consideration for the covenants contained herein; and
- E. Independent Advisor understands and acknowledges the importance of all the Independent Financial Advisors operating their Independent Financial Advisor Businesses in a manner which meets AEFA's high standards of quality of advice and customer service, to protect the value and integrity of the System and all the Independent Financial Advisor Businesses.

THEREFORE, Independent Advisor and AEFA agree as follows:

1. GRANT

A. Independent Financial Advisor Business.

- AEFA and Independent Advisor agree upon the terms and conditions in this Agreement, for Independent Advisors to establish and operate the Independent Financial Advisor Business.

- Independent Advisor agrees to operate the Independent Financial Advisor Business only at the location specified in Schedule A (the "Location") in the market group (as described in the Uniform Franchise Offering Circular) (the "Market Group"). Independent Advisor agrees to not relocate the Independent Financial Advisor Business outside the Market Group without prior written approval by AEFA, which approval will not be unreasonably withheld.
- AEFA will only compensate an appropriately licensed individual. Accordingly, Independent Advisor agrees to operate the Independent Financial Advisor Business, as described in this Agreement, as an individual business and shall not conduct such business as a corporation, partnership, limited liability company, sub-chapter S company or any other similar organizational structure. This shall not prevent Independent Advisor from operating other related businesses as described in Section 5, under the heading Use of Premises, and in the Manuals.
- Independent Advisor agrees to have the right during the term of this Agreement to solicit Clients for Products & Services as more fully described in Section 5 and in the Manuals. For purposes of this Agreement, "Client" shall mean a person or entity that acquires any Products & Services from or through Independent Advisor, AEFA, AEFA's affiliates, or an advisor operating under the System.
- Independent Advisor acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by AEFA; and Independent Advisor agrees to comply with all reasonable requirements of AEFA in that regard.

B. Non-Exclusive Agreement.

- **INDEPENDENT ADVISOR EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS INDEPENDENT FINANCIAL ADVISOR BUSINESS IS NON-EXCLUSIVE, AND THAT THIS AGREEMENT DOES NOT GRANT OR IMPLY ANY PROTECTED AREA, TERRITORY, OR CLIENTS FOR THE INDEPENDENT FINANCIAL ADVISOR BUSINESS. BY WAY OF EXAMPLE, OTHER INDEPENDENT ADVISORS, AEFA, AND ITS AFFILIATES MAY OR WILL CONTINUE TO MARKET, AT INDEPENDENT ADVISOR'S LOCATION, THROUGH EMPLOYEES, AGENTS, DEALERS, DIRECT MARKETING, TELEMARKETING, AND ON-LINE SERVICES.**
- AEFA and its affiliates reserve the following rights:
 - a. To offer financial products and services, including Products & Services, directly or indirectly to any client or business (including the Clients), or license others to offer Products & Services under any proprietary marks (including the Proprietary Marks) at any location, through other Independent Advisors, employees, direct marketing, telemarketing, on-line services, third-party marketers and any other distribution method;
 - b. To own and/or operate, and license others to operate, businesses that offer Products & Services using the System and Proprietary Marks, at any location; and

c. To own and/or operate, and license others to operate, businesses that offer other investment opportunities and financial services and products, using proprietary marks other than the Proprietary Marks or other systems, whether such businesses are similar to or different from the Independent Financial Advisor Business, at any location.

- Independent Advisor acknowledges and agrees that AEFA and certain of AEFA's affiliates and designees (including other Independent Advisors of AEFA, AEFA employees, third-party dealers, persons associated with such persons, and mail orders services) now sell, and shall continue to have the right to sell, Products & Services, to clients located in the same or close proximity to Independent Advisor's Location; and that AEFA and such affiliates and designees shall be direct competitors of Independent Advisor.
- AEFA expressly reserves any and all rights not explicitly granted to Independent Advisor by the terms and conditions of this Agreement.

2. TERM AND RENEWAL

- Three-Year Term. This Agreement shall be in effect upon its execution by AEFA and, except as otherwise provided herein, the term of this Agreement shall be three (3) years from the date of execution by AEFA.
- Renewal. This Agreement will automatically renew for additional terms of three (3) years, subject to satisfaction of the following conditions:
 - a. The premises of the Independent Financial Advisor Business under Independent Advisor's control and supervision (the "Premises") shall meet reasonable professional standards and the requirements set forth in the Manuals regarding signage and the use of Proprietary Marks;
 - b. Independent Advisor agrees to not be in default of any provision of this Agreement, any other agreement between Independent Advisor and AEFA or its affiliates, or any standards applicable to Independent Advisor as set forth in the Manuals; and Independent Advisor agrees to have substantially complied with all the terms and conditions of such agreements and standards;
 - c. Except as otherwise allowed by AEFA, Independent Advisor agrees to have satisfied all monetary obligations owed by Independent Advisor to AEFA and its affiliates, and shall have timely met those obligations throughout the term of this Agreement.
- Terminating the System. In the event of changes in regulatory, market or industry conditions, AEFA may make a policy decision to terminate or dissolve the System upon ninety (90) days' written notice to Independent Advisors. In the event AEFA terminates or dissolves the System, AEFA shall make available to Independent Advisor a new form of agreement, which will be substantially similar to the terms of this Agreement.

3. DUTIES OF AEFA

- Compensation. Within thirteen (13) business days of the end of each Accounting Period (defined below), AEFA agrees to prepare a statement (i) containing a summary of Independent Advisor's financial activity for Products & Services during such Accounting Period (the "Commission Statement"), (ii) detailing the Compensation as defined in Section 4 below, and (iii) containing certain confidential Client information. With each Commission Statement, AEFA agrees to remit Independent Advisor's share of the Compensation. AEFA may provide the Commission Statement by providing Independent Advisor with limited access to AEFA's computer system for the purpose of downloading the Commission Statement. "Accounting Period" means each of the two week accounting periods in a calendar year, as determined by AEFA.
- Offering and Servicing Products and Services. AEFA, except as otherwise provided herein, shall provide those Products & Services distributed or offered by AEFA and/or its affiliates consistent with the standards set forth in the Manuals. AEFA agrees to perform such bookkeeping, processing, and related functions as described in the Manuals. AEFA agrees to process all applications from Clients for Products & Services. AEFA retains the right to reject any application for Products & Services that does not meet the qualifications, specifications, or standards set forth in the Manuals. AEFA agrees to provide Clients with consolidated statements as provided in the Manuals. AEFA agrees to provide Independent Advisor with certain forms, brochures, prospectuses, and sales literature required to process the Independent Financial Advisor Business as part of the Association Fee. AEFA will provide to Independent Advisor certain other forms, brochures, and sales literature related to Products & Services for a fee.
- Advertising and Promotions. AEFA agrees to provide national advertising, as provided in Section 12 below, as part of the Association fee. AEFA may make available for a fee American Express Cardmember leads to Independent Advisors who meet criteria described in the Manuals. AEFA may develop promotional programs and sales campaigns for Products & Services, the nature, duration, and geographic scope of which shall be determined by AEFA.
- Compliance. AEFA agrees to provide regulatory compliance training and corporate compliance oversight as part of the Association Fee. AEFA agrees to conduct, as it deems advisable and consistent with its regulatory and supervisory obligations, inspections of Independent Advisor's operation of the Independent Financial Advisor Business for the purpose of establishing Independent Advisor's compliance with this Agreement and with all federal, state, local and NASD (and other self-regulatory organizations) laws, rules, and regulations requirements, including licensing requirements, and all of AEFA's policies and practices in the Client Relations Manuals (hereinafter referred to as "Compliance Rules").
- Orientation and Training. As provided in Section 7 below, AEFA agrees to (i) provide an initial orientation program as part of the Initial Franchise Fee to Independent Advisor, and (ii) offer continuing education programs as it deems necessary for a fee.

- **Premises.** AEFA agrees to make available signage specifications to Independent Advisor as part of the Association Fee. AEFA may provide for a fee on-site pre-opening and opening assistance to ensure the orderly opening of an office as Independent Advisor requests.
- **Manuals.** AEFA agrees to provide Independent Advisor, on loan, one copy of AEFA's Confidential Manuals (the "Manuals"), as more fully described in Section 9 hereof. The Manuals shall also include AEFA's Quality of Advice Standards, Client Satisfaction Standards and Client Relations Manuals.
- **Other Optional Services.** AEFA agrees to offer optional services to Independent Advisor for a fee, as described in the Manuals.
- Independent Advisor acknowledges and agrees that any duty or obligation imposed on AEFA by this Agreement may be performed by a Branch Manager (as defined below), any independent contractor, designee, employee, or agent of AEFA, as AEFA may direct.

4. **FEES AND COMPENSATION**

- **Initial Franchise Fee.** In consideration of the franchise granted herein, Independent Advisor has paid to AEFA an initial franchise fee of One Thousand Five Hundred Dollars (\$1,500), receipt of which is hereby acknowledged, and which is non-refundable. Independent Advisor is paying this fee in consideration of administrative and other expenses incurred by AEFA in entering into this Agreement.
- **Association Fee.** During each Accounting Period (but not in the third Accounting Period of any month that has three Accounting Periods), Independent Advisor authorizes AEFA to deduct the association fee of One Hundred Ninety-Five Dollars (\$195) for national advertising, accounting, payroll, compliance and fidelity bond coverage and errors and omissions program participation as set forth in the Manuals (the "Association Fee") from the portion of the Compensation due to Independent Advisor. During any Accounting Period in which Independent Advisor is not entitled to a portion of the Compensation or Independent Advisor's share of the Compensation is less than the Association Fee, Independent Advisor agrees to promptly pay to AEFA the Association Fee as provided in the Manuals.
- **Compensation.** As long as this Agreement is in effect and Independent Advisor is not in default hereunder or under Special Regulatory Supervision (as defined below), AEFA agrees to (i) retain a percentage of the Compensation for each Accounting Period as set forth in the compensation schedule which is in the Manuals; (the "Compensation Schedule") (ii) pay to Independent Advisor's branch manager (the "Branch Manager") in accordance with the branch agreement (the "Branch Agreement") the specified amount of the Compensation for each Accounting Period, (iii) pay to Independent Advisor after deducting the Association Fee, any other fees, interest, or other monies due to AEFA for Services authorized by Independent Advisor and/or other deductions provided for in this Agreement, the balance of the Compensation for each Accounting Period in accordance with Section 3.

As used in this Agreement, "Compensation" which is further defined in the Manuals, is the compensation from a product sale as specified in the Compensation Schedule, based on what Products & Services the Advisor sells.

- **Method of Payment.** AEFA agrees to have the right to make the payments to Independent Advisor due under Section 4 by telegraphic transfer, auto-draft arrangement, electronic funds transfer, or by other means AEFA may specify from time to time, to a bank account designated by Independent Advisor, in accordance with procedures in the Manuals; provided, however, that if Independent Advisor requests payment under Section 4 in the form of a check, AEFA may charge a reasonable fee to Independent Advisor for providing payment via check.
- **Uncollected Payments.** If there are any uncollected payments (i) for Products & Services that Independent Advisor failed to remit to AEFA, (ii) an error occurs and Independent Advisor receives an overpayment, (iii) a payment has been made to Independent Advisor for any canceled or returned Products & Services, (iv) there is a loss, refund or payment due to a settlement or claim related to Products & Services purchased by a Client that Independent Advisor serviced, and/or (v) Independent Advisor owes AEFA pursuant to Section 21 below, AEFA may deduct such amount from the percentage of Compensation due to Independent Advisor in any Accounting Period following the event.
- **Incentive Programs.** AEFA may offer incentive programs, such as awards and conferences as described in the Manuals.
- **Disclaimer of Benefits.** Independent Advisor acknowledges that the Manuals, including the Compensation Schedule contained therein, constitute the complete list of the compensation and benefits owed Independent Advisor resulting from this Agreement or Independent Advisor's relationship with AEFA. Independent Advisor acknowledges that Independent Advisor has no claim to any other compensation or benefit plan, program or policy of or sponsored by AEFA unless such plan, policy or benefit plan specifically references Independent Advisors in their role as Independent Advisors as an eligible group under such plan, program or policy and Independent Advisor meets all conditions for eligibility set forth in such program.

5. **ONGOING DUTIES OF INDEPENDENT ADVISOR**

- Independent Advisor shares AEFA's and the other Independent Advisors' commitment to high standards of financial planning, quality advice and customer service to increase the demand for Products & Services offered by all Independent Advisors operating under the System, and to protect the reputation and goodwill of AEFA and the Proprietary Marks through regulatory compliance and related policies. Consistent with this commitment, Independent Advisor agrees:
 - a. **Compliance.** To maintain all required licenses and regulatory compliance standards consistent with the standards set forth in Section 15 and the Manuals, including Client Relations Manuals and Compliance Rules as defined in this Agreement.
 - b. **Financial Planning.** To produce a minimum of five (5) financial plans or Three Thousand Dollars (\$3,000) in fees during the year 2000. AEFA reserves the right to increase this minimum on an annual basis and will provide written notice of any such increase 60 days prior to the beginning of each year. During the first three year term, the maximum requirement AEFA may impose is seven (7) plans or Four

Thousand Two Hundred Dollars (\$4,200) in fees per year. AEFA may make exceptions to these requirements on an individual Independent Advisor basis, provided that the branch office where the Independent Advisor is located has an average on a per advisor basis of the current minimum number of plans or the current minimum dollar amount. The definition of "financial plan" and the definition of "fee" shall be as described in the appropriate AEFA financial planning ADV brochure, and specifically excludes services or fees described in the wrap fee program ADV brochures.

- c. Quality of Advice. To maintain a Quality of Advice standard of at least level three (3), as more fully described in the Manuals.
- d. Client Satisfaction. To maintain Client Satisfaction Standards of at least seventy percent (70%), as more fully described in the Manuals.
- e. Premises and Signage. To maintain, at Independent Advisor's expense, an office with the fixtures, furnishings, and equipment necessary to maintain professional standards for the operation of the Independent Financial Advisor Business. Independent Advisor agrees to purchase and install signs as provided in the Manuals.
- f. Products and Services. To offer, provide, and market the Products & Services to Clients.
- Use of Premises. Independent Advisor agrees to use the Premises to operate the Independent Financial Advisor Business and any other activities for which Independent Advisor has obtained written consent from AEFA or provided notice to AEFA as specified in the Manuals, or for other uses which do not require consent or notice as explained in the Manuals; and shall refrain from using or permitting the use of the Premises for any other purpose at any time without first obtaining written consent from AEFA or providing notice to AEFA as specified in the Manuals, or unless the use is permitted without obtaining consent or providing notice as specified in the Manuals.
- Client Service. As provided in the Manuals, Independent Advisor agrees to: (a) promptly submit complete and accurate applications for Products & Services and other financial information required by AEFA to comply with legal, regulatory, underwriting or AEFA's internal processing requirements; (b) promptly forward all payments received from Clients for Products & Services to AEFA; and (c) preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as AEFA may establish from time to time in the Manuals.
- Territory. Independent Advisor will operate the Independent Financial Advisor Business at the Location and in the Market Group. Independent Advisor will not relocate the office of the Independent Financial Advisor Business outside the Market Group without prior written approval from AEFA. AEFA recognizes that Independent Advisor may desire to actively seek prospects outside the Market Group, and in order to do this, Independent Advisor agrees to obtain the approval of AEFA, which approval shall not be unreasonably withheld, and provided Independent Advisor and the person who performs regulatory supervision for the Independent Advisor have the appropriate licenses. Independent Advisor may also service

unsolicited clients outside the Market Group, provided Independent Advisor and the person who performs regulatory supervision for the Independent Advisor have the appropriate licenses. Independent Advisor may continue to accept referrals from outside the Market Group. AEFA may change Market Group boundaries. Independent Financial Advisor Business will not be adversely impacted by these changes and Independent Advisor will have the benefits of the new Market Group boundaries.

- Computer Hardware and Software. Independent Advisor agrees to purchase or lease a computer system that meets the specifications of AEFA, including such peripheral devices and equipment as AEFA may specify in the Manuals, or otherwise in writing, as reasonably necessary for the efficient management and operation of the Independent Financial Advisor Business and the transmission of data to and from AEFA. AEFA may specify in the Manuals or otherwise in writing the information that Independent Advisor agrees to collect and maintain on the computer system installed at the Independent Financial Advisor Business to satisfy regulatory and processing requirements, and Independent Advisor agrees to provide to AEFA such information as AEFA may reasonably request from the data so collected and maintained. While AEFA does not intend to have access to personal or other non-Independent Financial Advisor Business activities, Independent Advisor agrees to permit AEFA, upon AEFA's request, to access the computer system installed at the Independent Financial Advisor Business for the purpose of obtaining AEFA-related information from Independent Advisor's computer system to satisfy regulatory and business processing requirements. Independent Advisor agrees to acquire from AEFA or, if any, an approved vendor, a license to use software designated by AEFA for the computer system. In order to send messages electronically, AEFA may require Independent Advisor to establish and maintain an e-mail address with an Internet provider. At the request of AEFA, Independent Advisor agrees to obtain such upgrades, or other modifications to the computer system and software to conform to the specifications of AEFA.
- Approved Products & Services. Independent Advisor agrees to obtain all AEFA Products & Services solely from AEFA, or from suppliers approved by AEFA. If Independent Advisor desires to offer products or services, other than those already approved in the Manuals, Independent Advisor agrees to submit to AEFA a written request to approve the proposed products or services and its supplier, together with such evidence of conformity with AEFA's specifications as AEFA may reasonably require. AEFA agrees to have the right to require that its representatives be permitted to evaluate the proposed products or services. AEFA agrees to, within thirty (30) days after its receipt of such request, notify Independent Advisor in writing of its approval or disapproval of the proposed products or services and/or supplier. AEFA reserves the right to (i) deny approval of any proposed products or services and/or supplier, (ii) limit the number of approved products and services and approved suppliers, and/or (iii) condition approval of unapproved products and services on AEFA being the supplier of such products and services. Independent Advisor agrees to not offer for sale or sell any products or services until written approval by AEFA of the proposed product or service or supplier is received. AEFA may from time to time revoke its approval of particular Products & Services or suppliers if AEFA determines, in its sole discretion, that the Products & Services or suppliers no longer meet the standards of AEFA. Upon receipt of written notice of such revocation, Independent Advisor agrees to cease to offer and sell any disapproved Products & Services and/or cease to purchase from any disapproved supplier, although Independent Advisor may continue to service such Products and Services.

- Use of Proprietary Marks. Independent Advisor agrees to ensure that all advertising and promotional materials, signs, decorations, stationery, business forms, and other items bear the Proprietary Marks in the form, color, location, and manner prescribed by AEFA. Independent Advisor will use best efforts to uphold the reputation and goodwill of AEFA, and its affiliates.
- Employees of Independent Advisor. Independent Advisor agrees to be solely responsible for all employment decisions and all state, federal, and local laws and functions of the Independent Financial Advisor Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees. Independent Advisor's employees must be competent, conscientious, and properly trained and licensed. Any licensed employee of Independent Advisor must be approved by and licensed with AEFA.
- No Changes Without Consent. Independent Advisor agrees to not implement any material change to the System without the express prior written consent of AEFA. Independent Advisor agrees to notify AEFA in writing of any material change to the System which Independent Advisor proposes to make, and shall provide to AEFA such information as AEFA requests regarding the proposed change. AEFA may, but is not obligated to, compensate Independent Advisor for consulting services regarding a material change to the System proposed by Independent Advisor. Independent Advisor acknowledges and agrees that AEFA shall have the right to incorporate the proposed material change into the System and shall thereupon obtain all right, title, and interest therein without the obligation to compensate Independent Advisor.

6. OPENING OF FRANCHISED BUSINESS

- Independent Advisor agrees to furnish and equip the Independent Financial Advisor Business at Independent Advisor's own expense.
- Independent Advisor may use the Premises only for the operation of the Independent Financial Advisor Business and such other authorized activities for which Independent Advisor has obtained written consent or notice from AEFA or has provided notice to AEFA as specified in the Manuals.
- Independent Advisor agrees to be responsible for obtaining, at Independent Advisor's expense, all appropriate permits, certificates, licenses, and training, which may be required by NASD, AEFA, and other governmental and regulatory agencies.
- Independent Advisor agrees to obtain AEFA's written approval prior to opening the Independent Financial Advisor Business, which approval shall not be unreasonably withheld, and shall open the Independent Financial Advisor Business within sixty (60) days after the date of this Agreement.

7. ORIENTATION AND TRAINING

- Independent Advisor represents that he or she has the requisite experience, skills and training to operate the Independent Financial Advisor Business in a manner consistent with the high standards of quality of advice and customer service of other Independent Financial Advisor Business operating under the System. Prior to the opening of the Independent Financial Advisor Business, Independent Advisor agrees to attend and complete to AEFA's satisfaction the initial orientation program for Independent Advisors offered by AEFA. Independent Advisor agrees to attend regulatory compliance seminars as set forth in the Manuals. For a fee, Independent Advisor and Independent Advisor's employees may attend optional courses, seminars, and other training programs offered by AEFA.
- AEFA agrees to offer, as AEFA deems appropriate, advanced education programs ("Advanced Programs") that may (i) relate to certain Products & Services, (ii) enable Independent Advisor to offer additional Products & Services, (iii) enable Independent Advisor to obtain permits, certificates, and licenses to offer additional Products & Services, (iv) satisfy regulatory requirements, and (v) cover customer service, marketing to Clients, promotion, and other topics related to operation of the Independent Financial Advisor Business. Independent Advisor shall not be required to attend such Advanced Programs, except as necessary to satisfy regulatory requirements. Independent Advisor agrees to pay a fee, if any, specified by AEFA to participate in all Advanced Programs.
- Orientation programs, regulatory compliance programs and Advanced Programs shall be at such times and places or through other methods, such as computer software or websites, as may be designated by AEFA. For the initial orientation program, AEFA agrees to provide, at no additional charge to Independent Advisor, instructors and program materials; and Independent Advisor agrees to be responsible for any and all other expenses incurred by Independent Advisor or its employees in connection with any such program, including, without limitation, the costs of transportation, lodging, meals, and wages.

8. PROPRIETARY MARKS

- AEFA represents with respect to the Proprietary Marks that AEFA has the right to use, and to license others to use, the Proprietary Marks.
- With respect to Independent Advisor's use of the Proprietary Marks:
 - a. Independent Advisor agrees to use only the Proprietary Marks designated by AEFA, and shall use them only in the manner authorized and permitted by AEFA. If AEFA is no longer authorized to use the Proprietary Marks, Independent Advisor will not be able to continue to use the Proprietary Marks;
 - b. Independent Advisor agrees to use the Proprietary Marks only (i) for the operation of the Independent Financial Advisor Business, (ii) in connections with Products & Services approved in the Manuals for use in connection with the Proprietary Marks, or (iii) in advertising approved by AEFA for the Independent Financial Advisor Business;

- c. Unless otherwise authorized or required by AEFA, Independent Advisor agrees to operate and advertise the Independent Financial Advisor Business only under the Proprietary Marks, and shall use all Proprietary Marks without prefix or suffix in the manner required by AEFA;
 - d. Independent Advisor agrees to identify himself or herself as the owner of the Independent Financial Advisor Business in conjunction with any use of the Proprietary Marks in the manner required by AEFA;
 - e. Independent Advisor's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of rights of AEFA;
 - f. Independent Advisor agrees to not use the Proprietary Marks to incur any obligation or indebtedness on behalf of AEFA;
 - g. Independent Advisor agrees to execute any documents deemed necessary by AEFA to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and
 - h. Independent Advisor agrees to promptly notify AEFA of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to AEFA's ownership of, AEFA's right to use and to license others to use, or Independent Advisor's right to use, the Proprietary Marks. Independent Advisor acknowledges that AEFA has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. AEFA has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. AEFA agrees to defend Independent Advisor against any third-party claim, suit, or demand arising out of Independent Advisor's use of the Proprietary Marks. Independent Advisor agrees to execute any and all documents and do such acts as may, in the opinion of AEFA, be necessary or advisable to protect and maintain the interests of AEFA and Independent Advisor in the Proprietary Marks. Except to the extent that such litigation is the result of Independent Advisor's use in a manner inconsistent with the terms of this Agreement, AEFA agrees to reimburse Independent Advisor for his or her out-of-pocket costs in doing such acts.
- Independent Advisor expressly understands and acknowledges that:
 - a. AEFA and/or its affiliates are the owners of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and AEFA has the right to use, and license others to use, the Proprietary Marks;
 - b. The Proprietary Marks are valid and serve to identify the System, the AEFA Distributed Products & Services, and those who are authorized to operate under the System;
 - c. During the term of this Agreement and after its expiration or termination, Independent Advisor agrees to not directly or indirectly contest the validity of, or

AEFA's ownership of, or right to use and license others to use, the Proprietary Marks;

- d. Independent Advisor's use of the Proprietary Marks does not give Independent Advisor any ownership interest or other interest in or to the Proprietary Marks;
- e. Any and all goodwill arising from Independent Advisor's use of the Proprietary Marks shall inure solely and exclusively to the benefit of AEFA, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Independent Advisor's use of AEFA's System or the Proprietary Marks;
- f. The license of the Proprietary Marks granted hereunder to Independent Advisor is nonexclusive, and AEFA thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services (including Products & Services that Independent Advisor will offer and sell); (b) to grant other licenses for the Proprietary Marks, including to licensees outside of the System; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Independent Advisor; and
- g. AEFA reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at AEFA's sole discretion.

9. MANUALS

- To promote the highest standards of operation under the System, AEFA has prepared Confidential Operations Manuals ("Manual" or "Manuals") which include manuals, bulletins, and other written policies and procedures setting forth the minimum standards regarding Quality of Advice, Client Satisfaction, Client Relations and the Code of Conduct. In addition, the Manuals set forth standards regarding the use of Proprietary Marks, signage, communications, privacy principles, processing procedures and the Compensation Schedule.
- To comply with all applicable laws and regulations and to protect the reputation and goodwill of AEFA and the System, Independent Advisor agrees to operate the Independent Financial Advisor Business in accordance with the professional standards specified in the Manuals, one copy of which Independent Advisor agrees to receive on loan from AEFA for the term of this Agreement upon completion by Independent Advisor of AEFA's initial orientation program to AEFA's satisfaction. In lieu of, or in addition to, providing Independent Advisor with a paper copy of the Manuals, AEFA may provide Independent Advisor with electronic access to the Manuals (or such updates to the Manuals as AEFA may determine).
- Independent Advisor agrees to treat the Manuals, any other materials created for or approved for use in the operation of the Independent Financial Advisor Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Independent Advisor agrees to not copy, duplicate,

record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

- The Manuals shall remain the sole property of AEFA and shall be kept in a secure place on the Premises.
- To comply with regulatory requirements, AEFA may make reasonable interpretations and revise the contents of the Manuals from time to time. For business changes to the Manuals, AEFA will provide Independent Advisor with reasonable notice. AEFA further agrees to provide Independent Advisor with 90 days' written notice of any non-regulatory changes to the Manuals resulting in a reduction in the GDC (Gross Dealer Concession) Payout Rate as defined in such Manuals. Independent Advisor agrees to comply with the revised Manuals.
- Independent Advisor agrees to ensure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the most recently communicated Manuals supercede all previous Manuals.

10. CONFIDENTIAL INFORMATION

- Independent Advisor has had and/or may have access to AEFA trade secrets and confidential information that Independent Advisor agrees has great value to AEFA. Independent Advisor agrees that because of such access, Independent Advisor is in a position of trust and confidence with respect to this information. To protect client confidentiality, AEFA goodwill, trade secrets, and other proprietary and confidential business information, Independent Advisor agrees to not, during the term of this Agreement or thereafter, except as permitted under Section 14 regarding transfers of the Independent Financial Advisor Business, communicate, divulge, or use for himself or herself except pursuant to the System, or for the benefit of any other person, partnership, association, or corporation any confidential information, or trade secrets, including, without limitation, Client names, addresses and data and know-how concerning the methods of operation of the System and the business franchised hereunder which may be communicated to Independent Advisor or of which Independent Advisor may be apprised by virtue of Independent Advisor's operation under the terms of this Agreement. Independent Advisor also shall not reveal any information about potential clients to whom a presentation has been made by any Independent Advisor who might reasonably be expected to do business with AEFA. Independent Advisor agrees to divulge such confidential information only to such of his or her employees as must have access to it in order to operate the Independent Financial Advisor Business. Except as otherwise permitted in Section 19, Independent Advisor agrees that, without limitation, Client names, addresses, data and other personal and financial information recorded in Client records are confidential. Confidential information includes compilations and lists of such Client information even if of otherwise public information if such compilations or lists were the result of substantial effort, time and/or money expended pursuant to the System. Independent Advisor further agrees to use this confidential information only in furtherance of this Agreement or in accordance with the Manuals and for no other purpose. Confidential information does not include information which is generally known outside of AEFA other than as a result of a disclosure by Independent Advisor, Independent Advisor's agents or representatives, or any other person or entity in breach of

any contractual, legal or fiduciary obligation of confidentiality to AEFA or to any other person or entity with respect to such information.

- At AEFA's request, Independent Advisor agrees to require any personnel having access to any confidential information of AEFA or information about Clients or potential clients to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by or association with Independent Advisor in the Independent Financial Advisor Business. Such covenants shall be in a form satisfactory to AEFA, including, without limitation, specific identification of AEFA as a third-party beneficiary of such covenants with the independent right to enforce them.

11. ACCOUNTING AND RECORDS

- Independent Advisor agrees to record all sales on a computer system that meets the specifications of AEFA, or on any other equipment specified by AEFA in the Manuals or otherwise in writing. Independent Advisor agrees to prepare, and shall preserve for at least seven (7) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with the Manuals and Compliance Rules as defined in this Agreement.
- Independent Advisor agrees to, at Independent Advisor's expense, submit to AEFA, in the form prescribed by AEFA, such reports, forms, records, information, and data as AEFA may require to comply with regulatory requirements or to respond to a Client complaint or lawsuit.
- All original books and records containing Client lists and/or information and transactions belong to AEFA and must be returned to AEFA upon termination or expiration of this Agreement, unless Independent Advisor transfers the Independent Financial Advisor Business as provided in Section 14. In order to permit AEFA to fulfill its regulatory requirements, AEFA and its designated agents shall have the right at all reasonable times, with or without notice to Independent Advisor, to examine and copy any books and records, including computerized books and records related to the Independent Financial Advisor Business.

12. ADVERTISING AND PROMOTION

A. AEFA Advertising Fund

- Recognizing the value of advertising and promotion to AEFA and the Independent Financial Advisor Business, and the importance of coordinated advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:
 - a. AEFA has the right, but not the obligation, to establish the System's advertising fund (the "Fund"). Part of the Association Fee paid by Independent Advisors may be used for this Fund.
 - b. If established, the Fund shall be maintained and administered by AEFA as follows:

- (i) AEFA agrees to direct all advertising programs conducted through the Fund, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Independent Advisor agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System, Products & Services; and that AEFA is not obligated, in administering the Fund, to make expenditures for Independent Advisor which are equivalent or proportionate to Independent Advisor's contribution, or to ensure that any particular advisor benefits directly or pro rata from expenditures by the Fund.
- (ii) The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet the costs of preparing, directing, conducting, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which AEFA believes will enhance the image of the System, including, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-office promotions; and providing promotional and other marketing materials and services to the businesses operating under the System.

B. Regional/Local Advertising Campaigns

- AEFA may designate any geographical area for purposes of establishing a regional or local advertising and promotional campaign ("Campaign"), and to determine whether a Campaign is applicable to the Independent Financial Advisor Business. If a Campaign has been established applicable to the Independent Financial Advisor, at Independent Advisor's option and expense, Independent Advisor may become a member of such Campaign. The following provisions shall apply to each Campaign.
 - a. Each Campaign shall be coordinated by AEFA or AEFA's designees (such as AEFA's Group Vice Presidents), and shall commence operation on a date approved in advance by AEFA in writing.
 - b. Each Campaign shall be established and organized for the exclusive purpose of administering regional or local advertising programs and developing, subject to AEFA's approval, standardized advertising materials for use by the members in local advertising.
 - c. No promotional or advertising plans or materials may be used by a Campaign or furnished to its members without the prior approval of AEFA to conform to regulatory requirements and to protect the value of the Proprietary Marks. All such plans and materials shall be submitted to AEFA in accordance with the procedure set forth in this Section.

- d. Each Independent Advisor who is a member of the Campaign agrees to submit to the Campaign, his or her contribution together with such other statements or reports as may be required by AEFA or by the Campaign.
- e. Only Independent Advisors who are members of the Campaign will receive the leads resulting from the Campaign.

C. Independent Advisor Advertising

- All advertising and promotion by Independent Advisor shall be in such media and of such type and format as AEFA may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as AEFA may specify to conform to regulatory requirements and to protect the value of the Proprietary Marks. Independent Advisor agrees to not use any advertising or promotional plans or materials unless and until Independent Advisor has received written approval from AEFA, pursuant to the procedures and terms set forth in this Section. Independent Advisor agrees to submit samples of all advertising and promotional plans and materials to AEFA, for AEFA's prior approval if such plans and materials have not been prepared or previously approved by AEFA within the prior one year period. Independent Advisor agrees to not use such plans or materials until they have been approved in writing by AEFA.
- AEFA may make available to Independent Advisor, at Independent Advisor's expense, pre-approved advertising plans and promotional materials, including newspaper mats, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials.
- If Independent Advisor has the appropriate licenses and satisfies all regulatory requirements, Independent Advisor may obtain listings for the Independent Financial Advisor Business in telephone directories. The content and appearance of any telephone listing shall conform to AEFA's pre-approved format, to conform to regulatory requirements and to protect the value of the Proprietary Marks.
- If AEFA believes that any advertising or promotional materials may cause a conflict with protecting the value of the Proprietary Marks, AEFA will initiate a process to review and/or coordinate the advertising or promotional materials and has final approval authority over the materials.

D. Websites

- Independent Advisor specifically acknowledges and agrees that any Website (as defined below) shall be deemed "advertising" under this Agreement, and will be subject to (among other things) AEFA's approval under this Section. (As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that Independent Advisor operates or authorizes others to operate and that refers to the Independent Financial Advisor Business, Products & Services, Proprietary Marks, AEFA, and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages.) In connection with any Website, Independent Advisor agrees to the following:

- a. Any Website shall be in the format of AEFA's template for Websites.
- b. Before establishing the Website, Independent Advisor agrees to submit to AEFA a sample of the Website format and information in the form and manner AEFA may reasonably require.
- c. Independent Advisor agrees to not establish or use the Website without AEFA's prior written approval to conform to regulatory requirements and to protect the value of the Proprietary Marks.
- d. In addition to any other applicable requirements, Independent Advisor agrees to comply with AEFA's standards for Websites as prescribed by AEFA from time to time in the Manuals or otherwise in writing. If required by AEFA, Independent Advisor agrees to establish its Website as part of AEFA's Website and/or establish electronic links to AEFA's Website.
- e. If Independent Advisor proposes any material revision to the Website or any of the information contained in the Website, Independent Advisor agrees to submit each such revision to AEFA for AEFA's prior written approval.

13. ERRORS AND OMISSIONS PROGRAM AND INSURANCE

- As part of the Association Fee, AEFA agrees to provide, during the term of this Agreement, participation in AEFA's errors and omissions program protecting Independent Advisor, AEFA, AEFA's affiliates, and their respective officers, directors, partners, agents, and employees against demands or claims arising or occurring in connection with the Independent Financial Advisor Business as a result of errors or omissions as defined in the Manuals. Such program may be provided by AEFA or written by a carrier or carriers approved by AEFA, shall name AEFA and AEFA's affiliates as additional insured parties as specified by AEFA, and shall provide at least the types and minimum amounts of coverages specified in the Manuals.
- AEFA recommends that Independent Advisor procure, prior to the commencement of any operations under this Agreement, and maintain in full force and effect at all times during the term of this Agreement, at Independent Advisor's expense, an insurance policy or policies protecting Independent Advisor against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Independent Financial Advisor Business, including, but not limited to, comprehensive general liability insurance. For good risk management purposes, AEFA recommends that any insurance policy or policies procured by Independent Advisor with respect to the Independent Financial Advisor Business, also protect AEFA, and AEFA's affiliates, and their respective officers, directors, partners, agents and employees. Independent Advisor acknowledges and agrees that Independent Advisor indemnify AEFA as provided in Section 21.

14. TRANSFER OF INTEREST

- AEFA shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of AEFA agrees to become solely responsible for all obligations of AEFA under this Agreement from the date of assignment. Independent Advisor agrees to execute such documents of acknowledgment or otherwise as AEFA shall request.
- Independent Advisor understands and acknowledges that the rights and duties set forth in this Agreement are personal to Independent Advisor, and that AEFA has granted this franchise in reliance on Independent Advisor's business skill, financial capacity, and personal character. Accordingly, neither Independent Advisor nor any immediate or remote successor to any part of Independent Advisor's interest in this Agreement or in the Independent Financial Advisor Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give away (collectively, "transfer") any direct or indirect interest in this Agreement or in all or substantially all of the assets of the Independent Financial Advisor Business without the prior written consent of AEFA. Any purported assignment or transfer not having the written consent of AEFA required by this Section 14 shall be null and void and shall constitute a material breach of this Agreement, for which AEFA may immediately terminate without opportunity to cure pursuant to Section 17 of this Agreement.
- Independent Advisor agrees to notify AEFA in writing of any proposed transfer of any direct or indirect interest in this Agreement or in all or substantially all of the assets of the Independent Financial Advisor Business at least thirty (30) days before such transfer is proposed to take place. AEFA agrees to not unreasonably withhold its consent to any transfer, provided, however, that (i) the transferee is eligible to enter into and actually executes a franchise agreement, and (ii) AEFA will not consent to a transfer to a corporation, partnership, or limited liability company. Upon a transfer, AEFA may, in its sole discretion, require any or all of the following as conditions of its approval:
 - a. That all of Independent Advisor's accrued monetary obligations and all other outstanding obligations to AEFA and its affiliates related to the Independent Financial Advisor Business have been satisfied;
 - b. That Independent Advisor is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Independent Advisor and AEFA or its affiliates;
 - c. That Independent Advisor agrees to have executed a general release, in a form satisfactory to AEFA, of any and all claims against AEFA and its affiliates, and their respective officers, directors, shareholders, and employees;
 - d. That (i) if the transferee is not an Independent Advisor under the System, the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements, including the applicable Addendum No. 3, as AEFA may require for the Independent Financial Advisor Business, which agreements shall supersede this

Agreement in all respects or (ii), if the transferee is an Independent Advisor under the System, the transferee enter into a written assignment, in a form satisfactory to AEFA, assuming and agreeing to discharge all of Independent Advisor's obligations under the terms of the transferee's existing franchise agreement with AEFA;

- e. That the transferee demonstrate to AEFA's satisfaction that it meets AEFA's educational, managerial, and business standards; possesses a good moral character and business reputation; has the aptitude and ability to operate the Independent Financial Advisor Business (as may be evidenced by prior related business experience or otherwise); has all appropriate permits, certificates, licenses, and training which may be required by AEFA, NASD, and governmental and regulatory agencies; be in compliance with the minimum requirements to be in good standing with this Agreement as set forth in Section 5 and has adequate financial resources and capital to operate the Independent Financial Advisor Business;
 - f. That Independent Advisor remain liable for all of the obligations to AEFA in connection with the Independent Financial Advisor Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by AEFA to evidence such liability;
 - g. That the transferee, as part of the Association Fee, complete any orientation programs then in effect for Independent Advisors upon such terms and conditions as AEFA may reasonably require; and
 - h. That Independent Advisor pay a transfer fee of One Thousand Dollars (\$1,000) to reimburse AEFA for its costs and expenses associated with reviewing the application to transfer and administration of the transfer.
- Independent Advisor agrees to not grant a security interest in the Independent Financial Advisor Business or in any of the assets of the Independent Financial Advisor Business, without the prior written consent of AEFA, which consent will not be unreasonably withheld.
 - If Independent Advisor desires to accept any *bona fide* offer from a transferee to purchase the Independent Financial Advisor Business, Independent Advisor agrees to notify AEFA as provided in this Section, and shall provide such information and documentation relating to the offer as AEFA may require. If, prior to the actual date of a proposed transfer, Independent Advisor has entered into a continuity of practice agreement with the transferee, AEFA has the right to approve the transferee under the conditions of Section 14, paragraph 3, subsection (c) of this Agreement both at the time the continuity of practice agreement was entered into and at the time of the proposed transfer. If Independent Advisor has entered into a continuity of practice agreement with a transferee, AEFA shall have the right and option, exercisable within thirty (30) days of Independent Advisor entering into a continuity of practice, agreement to purchase the Independent Financial Advisor Business on the same terms and conditions as described below and consistent with the continuity of practice agreement. If upon AEFA's offer to purchase the Independent